

January 7, 2011

LaVerne Washington  
President  
Confidential Employees' Organization (CEO), AFSCME Local 101  
c/o Library Department

**RE: City/CEO Negotiations**

Dear LaVerne:

I am in receipt of your letter dated January 5, 2011, which responded to the City's letters dated December 17, 2010, regarding MEF and CEO contract negotiations and coalition bargaining for retirement benefits.

In your letter, you requested additional information regarding negotiations on retirement benefits. We are surprised you are not aware of what this may entail. The City's memo dated November 10, 2010, regarding recommendations on labor negotiations direction was sent to all bargaining units. This was approved by the City Council on November 18, 2010. In this memo it stated that retirement reform includes, but is not limited to:

- 2<sup>nd</sup> Tier pension and retiree healthcare benefits for new hires
- Options for current employees
- Supplemental Retiree Benefit Reserve (SRBR) or "13<sup>th</sup> Check"
- Workers' Compensation Offset in the Police and Fire Retirement Plan.

The memo also noted that retirement reform discussions should also include cost/risk sharing between the City and employees.

Your letter requests a delay in beginning negotiations so that you can present the City's request to begin bargaining to the full CEO Executive Board and the membership.

Although we are aware that CEO is not contractually obligated to begin negotiations with the City on a successor contract in January 2011, we had hoped that CEO shared our interest in beginning negotiations as soon as possible given the very significant challenge we have ahead of us as well as our mutual obligation to endeavor to reach agreement on matters within the scope of representation prior to the City Council's adoption of the final budget for Fiscal Year 2011-2012. Also approved by the City Council on November 18, 2010, was a guiding principle to commence negotiations in January 2011 so that there is sufficient time to carefully evaluate proposals that are exchanged between the City and each union. It was the City's hope that we could begin negotiations as soon as possible to allow ample time for discussions. A delay in commencing negotiations limits joint problem solving opportunities.

While the City is disappointed that CEO is requesting to delay bargaining on a new contract and over retirement benefits and indicates that you are not able to respond to us until February 15, 2011, we look forward to hearing from you soon about beginning those negotiations.

We do want to remind you of the current agreement we have regarding retiree healthcare negotiations. Per our agreement made in June of 2009, we agreed that the parties would commence meeting and conferring between January 1, 2011 and January 19, 2011, on retiree healthcare benefits for future employees and a medical reimbursement program for future retirees. Please let us know a date prior to January 19, 2011, that CEO is available to begin these negotiations.

Should you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Gurza', with a stylized, flowing script.

Alex Gurza  
Director of Employee Relations

c: Gina Donnelly, Deputy Director of Employee Relations  
Keith Uriarte, AFSCME Organizing Director  
Charles Allen, AFSCME Business Representative  
Greg Ramirez, AFSCME Business Representative  
Yolanda Cruz, MEF President